UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD/B/COM.3/5
TD/B/COM.3/EM.1/3
17 June 1997

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Enterprise, Business
Facilitation and Development
Second session
Geneva, 1 December 1997

REPORT OF THE EXPERT MEETING ON THE USE OF INFORMATION TECHNOLOGIES TO MAKE TRANSIT ARRANGEMENTS MORE EFFECTIVE

Held at the Palais des Nations, Geneva,
from 5 to 7 May 1997

CONTENTS

		Page
I.	Recommendations adopted by the Expert Meeting	2
II.	Organizational matters	4

Annexes

Annex

I.	Chairman's summary of the experts' informal discussions	6
II.	Attendance	10

GE.97- 5II39

I. RECOMMENDATIONS ADOPTED BY THE EXPERT MEETING 1/

At its closing meeting, on 7 May 1997, the Expert Meeting on the Use of Information Technologies to Make Transit Arrangements More Effective adopted the following recommendations on item 3 of its agenda:

Background

1. The Expert Meeting recalled that, despite the rapid progress in information technology, customs transit continues to be largely based on procedures involving the transmission of paper documents.

2. The Meeting stressed the crucial contribution of information technology to the proper functioning of customs transit systems. The Meeting also noted that, although automation could not be considered as a panacea for the solution of all transit problems, such systems could have a positive impact on improving transit operations. Nevertheless people rather than machines remain crucial for the proper functioning of customs transit. This in turn requires an adequate legal and procedural basis, as well as a proper system of guarantees. Customs administrations must have adequate manpower and facilities and be committed to combating fraud, smuggling and corruption in all its forms. The Meeting noted that the "backbone" of transit information systems should include, *inter alia*, several features: on the one hand specific data on operators and modes, customs regimes, nature of cargo; on the other hand data on common basic features per consignment.

3. The Meeting also underlined that transport information systems to track transit cargo should be further enhanced with a view to automating data capture. The current lack of such systems in many countries jeopardizes the efficiency of transit transport operators; and it is also detrimental to the efficient performance of customs transit systems.

4. The Meeting recalled the use of UNCTAD's Automated System for Customs Data (ASYCUDA) and Advance Cargo Information System (ACIS) in many countries at different levels of development. It agreed that the computerization of transit procedures could significantly contribute to speeding up the procedures and reducing their cost, for the benefit of trade, while enhancing the efficiency of Customs controls and cargo tracking. At the same time, however, it believed that only through cooperation with organizations - e.g. the World Customs Organization (WCO), the European Commission and other regional groupings involved in similar initiatives - could maximum benefits be realized.

Recommendations

5. The Meeting believed that UNCTAD should, in cooperation with all other interested parties, work towards developing a transit module, in the context of ASYCUDA and ACIS, which would incorporate the structure of messaging systems outlined in the paper "Use of information technologies to make transit arrangements more effective" (TD/B/COM.3/EM.1/2 and Add.1).

1/ Adopted by the Expert Meeting at its closing plenary meeting, on 7 May 1997, these recommendations were initially circulated in TD/B/COM.3/EM.1/L.1.

6. The Meeting considered that the transit module could cover all functions of Customs control and transport monitoring of transit goods from the beginning to the completion of the transit operation, including the release of securities where appropriate. It should be open to similar computerized systems and, to the extent permitted by national laws, it should permit relevant access by trade and transport operators. Messages used should be based on existing international standards, in particular UN/EDIFACT. A group of countries both transit and land-locked, with a priority on LDCs, could be targeted to act as pilot sites for such an electronic transit module. Furthermore, the possibilities offered by localization techniques such as Global Positioning Systems (GPS) could be investigated for eventual use.

7. The Meeting also considered that UNCTAD should cooperate with the organizations involved in the development and maintenance of transit systems, in particular the United Nations Economic Commission for Europe, the European Commission, regional groupings in developing countries, as well as relevant public and private sectors.

8. The Meeting considered the importance of strengthening technical cooperation in favour of developing countries, in particular of the least developed, to benefit from the progress in using information technology for customs transit.

9. The Meeting recognized the need for a comprehensive Customs transit system and an integrated cargo tracking system open to all operators. The Meeting also recognized that UNCTAD should pursue its support for current users of ASYCUDA and ACIS and pursue the development and further implementation, including the promotion and ongoing support for both systems.

II. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

In accordance with the agreed conclusions adopted by the Commission on Enterprise, Business Facilitation and Development at the closing meeting of its first session on 24 January 1997,2/ the Expert Meeting on the Use of Information Technologies to Make Transit Arrangements More Effective was held at the Palais des Nations, Geneva, from 5 to 7 May 1997. The Meeting was opened on 5 May 1997 by the Officer-in-charge of the Division of Services Infrastructure for Development and Trade Efficiency.

B. Election of officers

(Agenda item 1)

At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairman:	Mr. Jean Duquesne (France)
Vice-Chairman-cum-Rapporteur:	Mr. Eric Lui (Singapore)

C. Adoption of the agenda

At the same meeting, the Expert Meeting adopted the provisional agenda circulated in TD/B/COM.3/EM.1/1. Accordingly, the agenda for the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda
3. Use of information technologies to make transit arrangements more effective
4. Adoption of the report.

2/ See Report of the Commission on Enterprise, Business Facilitation and Development on its first session (TD/B/44/2-TD/B/COM.3/4), annex II, para. 8 (i).

D. Documentation

For its consideration of the substantive agenda item (item 3) the Expert Meeting had before it a document by the UNCTAD secretariat entitled "Use of information technologies to make transit arrangements more effective" (TD/B/COM.3/EM.1/2 and Add.1).

E. Adoption of the report

At its closing meeting, on 7 May 1997, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting, under the authority of the Chairman, to include the recommendations adopted by the Expert Meeting (see section I) and the Chairman's summary of the experts' informal discussions (see annex I).

ANNEXES

Annex I

CHAIRMAN'S SUMMARY OF THE EXPERTS' INFORMAL DISCUSSIONS */

1. The experts agreed on the need to revise administrative procedures for transit traffic so that they would be in line with modern trading and transport methods. In particular, there was a need to develop an efficient transit transport system using modern information technologies that could be applied on a global basis to facilitate trade. Some experts recalled that transit transport involved many players and discussion should not be limited to Customs, but seek to resolve shippers' problems in developing countries.

2. The fundamental objective of a transit system should be to speed up the movement of cargo through the sharing of information: hence the need to harmonize the information requirements of all the parties involved. The experts strongly agreed that all messages exchanged should be based on the UN-EDIFACT standards. A major concern for the experts was to ensure the quality of information inputs into the system. The use of EDI for direct trader input and the exchange of information between transport operators and Customs administrations, when legally possible, could reduce errors and costs associated with the processing of documents and speed up their processing. The experts further agreed that it is essential to have trained and motivated staff to operate transit systems.

3. The expert from Turkey outlined the revision process under way by the ECE WP 30 on the TIR Convention, which should be finalized in June 1997. This would provide guidelines on the necessary criteria for becoming a guaranteeing body, formalize the use of the EDI TIR carnet system (SAFETIR) and establish an international central control authority to promote cooperation among customs administrations. The experts agreed that, in general, a guarantee system was an essential component of any transit procedure.

4. The representative of the World Customs Organization described the work of the WCO to revise the Kyoto Convention, which will cover the application of information technology on customs transit systems. The WCO has also developed a Mapping Guide for Customs data that is available to all members.

5. The Expert Meeting benefited from the presentation by the representative of the Commission of the European Union on the computerization of their transit procedures (NCTS - New Computerized Transit System). The development of this system started in 1993 and it is planned to be operational in all the European Union's Customs sites by the year 2000. This common transit regime will cover the 15 European Union members, three EFTA countries and Poland, Hungary, Czech Republic and Slovak Republic and be a closed system for those countries. The use of information technology to replace documents will greatly reduce the incidence of fraud. However the NCTS will not change the need for guarantees.

---

*/ Annexed to the report by decision of the Expert Meeting at its closing meeting on 7 May 1997.

6. Some experts noted that legal frameworks in some countries could prevent the exchange of information electronically and thus delay the benefits of the use of information technology. In particular, the experts from developing countries indicated their difficulty in implementing transit agreements for various reasons. The implementation of guaranteeing systems was particularly difficult. Different languages were also noted as impeding the movement of transit goods in some countries, particularly in West Africa.

7. Experts noted the great benefit of knowing the accurate location of goods during the course of their journey for advance planning for both the traders and the transport operators. The expert from South Africa informed the meeting of SPORNET's plan to establish a regional Rolling Stock Information System (RSIS) that would cover nine national rail networks and would be using UNCTAD's ACIS for some of the networks. The use of tracking systems to cover road and rail transport would be very beneficial to many developing countries as well as developed countries. Global positioning systems (GPS) were now starting to be used to track road transport.

8. The experts had an intensive discussion on the advantages and disadvantages of having a central Customs office to control transit operations and agreed that each country would need to decide the organizational structure best suited to its specific needs. In this context, the model proposed by the secretariat was valid for either structure. The key to the model was the ability of different Customs offices and administrations to communicate and exchange information with one another using EDI.

9. The expert from China described his Government's work in developing a rail transit corridor linking China with Europe, which was opened in 1994. An information centre had been created to promote this land-bridge.

10. Several experts from developing countries noted that many experts from the LDCs that faced serious transit problems had been unable to participate in the Expert meeting because of financial constraints. They suggested that resources be allocated to allow experts from the capitals to travel to such technical meetings.

11. Another problem faced by developing countries related to financial and technical limitations, such as poor telecommunication networks that hindered Customs administrations and transport operators from taking full advantage of information technology. Customs transit systems were considered a priority issue by many Customs authorities from developing countries.

12. The expert from the United States of America described the prototype system being used at six border crossings between the United States, Mexico and Canada. Re-usable transponders, readers and data exchange via the Internet are used to speed up the processing of trucks at borders. The system is also used to control the driver's identity and check whether insurance is valid.

13. A presentation was made by IRU on the revised TIR system based on a paperless system known as SAFETIR. Under the old system, some 3 million TIR carnets had been issued annually and the lack of effective control for this volume of paper processing had led to serious problems with fraud. To counteract this problem, road transport operators from the private sector working together through their association, IRU, had developed a computerized system using EDIFACT messages which was now in use in about 40 countries. The European Commission has actively encouraged this development.

14. The expert from Hungary informed the meeting of the development by Hungary's Customs administration of a computerized transit system. At the cross-road of international trade, the Hungarian Customs were dealing with about three million transit declarations a year. As an urgent solution to control these movements, they used a database package and data transmission software to develop a working system similar to the one proposed by UNCTAD. The development of a transit module by UNCTAD would save other developing countries and countries in transition from having to develop their own individual systems and facilitate the eventual exchange of information between Customs authorities across national borders.

15. Experts from developing countries that were using ASYCUDA described how this application had allowed their Customs administrations to reduce the time needed for the clearance of Customs declarations from seven days to one day or less. However, there were cases where ASYCUDA was installed only in the ports, and not at border crossings. In such cases, its use needed to be expanded to be expanded to benefit transit traffic flows.

16. The Expert Meeting recognized that information technology alone would not stop fraud. However, control and enforcement can be much more effective if accurate information is available and Customs officers can be informed rapidly when an irregularity occurs. The use of information technology can allow the secure transmission of information and can also reduce the work load of Customs officers, giving them more time for fraud detection activities. If records of operators and drivers are available electronically, those with a poor record can be identified and highlighted by the computer system.

17. The experts recognized that LDCs needed assistance from UNCTAD to implement ASYCUDA and ACIS and, in particular, needed help in the development of effective transit transport procedures using information technology. Such development must be carried out with the cooperation of other organizations involved in this field and in close consultation with shipper and transport operators. Further, the transit module should limit the number of data elements to a strict minimum required to make it as simple and practicable as possible. The development and implementation of a computerized transit module would speed up procedures and reduce costs to benefit trade, particularly for the land-locked developing countries.

18. The recommendations agreed by the experts would have no financial implications for the regular budget of UNCTAD. Rather, the recommendations and the discussions by the experts would greatly assist the secretariat to develop a transit module that would be financed through extra-budgetary funding. Thus the Meeting has been extremely useful in reaching consensus on the development and use of a computerized transit module which, when implemented, will facilitate transit traffic.

Annex II

ATTENDANCE */

1. The following States members of UNCTAD were represented at the meeting:

Afghanistan
Algeria
Armenia
Bangladesh
Belgium
Brazil
Cameroon
Cape Verde
China
Colombia
Congo
Costa Rica
Côte d'Ivoire
Cuba
Czech Republic
Denmark
Ecuador
Egypt
Ethiopia
Finland
France
Gambia
Germany
Ghana
Hungary
India
Iran (Islamic Republic of)
Iraq
Ireland
Italy
Japan
Jordan
Kazakstan
Kenya
Kuwait
Kyrgyzstan
Lebanon
Liberia
Lithuania
Luxembourg
Madagascar
Malawi
Mexico
Mongolia
Morocco
Myanmar
Nepal
Netherlands
New Zealand
Nigeria
Pakistan
Peru
Philippines
Poland
Romania
Russian Federation
Senegal
Singapore
Slovenia
South Africa
Spain
Sri Lanka
Switzerland
Thailand
Trinidad and Tobago
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Yemen
Zambia
Zimbabwe

2. Economic Commission for Europe
Economic and Social Commission for Western Asia were represented at the meeting.

---

*/ For list of participants, see TD/B/COM.3/EM.1/INF.1.

3. The following intergovernmental organizations were represented at the meeting:

Agency for Cultural and Technical Co-operation
Board of the Cartagena Agreement
European Community
Organization of African Unity
Organization of the Islamic Conference
World Customs Organization

4. The following non-governmental organizations were represented at the meeting:

General Category

International Chamber of Commerce
International Confederation of Free Trade Unions
International Road Transport Union
World Federation of the United Nations Associations

Special Category

Federation of National Associations of Forwarding Agents of Latin America and the Caribbean
International Federation of Freight Forwarders Associations
International Union of Railways

5. The following non-governmental organization, specially invited by the secretariat, attended the meeting:

Common Market for Eastern and Southern Africa